JUNE 12, 1947

Town Meeting

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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

What Should We Do About Prices and Rents?

Moderator, CLIFTON M. UTLEY

Speakers

PAUL A. PORTER — EDMUND F. MANSURE

Interrogators

ROBERT W. WALES — ALFRED P. HAAKE

(See also page 12)

COMING

——June 19, 1947——

Should We Admit 400,000 of Europe's Homeless Now?

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THE BROADCAST OF JUNE 12:

"What Should We Do About Prices and Rent?"

THE BROADCAST OF JUNE 19:

"Should We Admit 400,000 of Europe's Homeless Now?"

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Town Meeting

BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR

UNE 12, 1947 VOL. 13, No 7

What Should We Do About Prices and Rents?

Moderator Utley:

Good evening, friends, and a ery warm welcome to you Rock River Valleyites here in Rock-ord's Shrine Temple. This is our econd Town Meeting in Rock-ord, and we're certainly glad to e here as guests of the Junior Association of Commerce — the aycees—and Rockford College.

We're glad to be identified with he Rockford Jaycee's, famous or their worth-while youth rojects, which have won many onors in annual competitions ith other Jaycee organizations.

We regard it a privilege to be ere at the moment your Rockford ollege — Alma Mater of Jane ddams, and other distinguished mericans—is celebrating its 100th nniversary.

Yesterday, the news wires re-orted increases of 7 to 10 cents pound in the retail prices of eef in the past three weeks.

Have you examined your budget tely? How's it holding up? Has your five-dollar bill in reality become a four-dollar bill, or maybe a three-dollar bill?

Will a rent increase be tough on you, if and when it comes?

Did you get a rough surprise when you paid for that new top-coat, that new dress? What about quality? Are you paying champagne prices for beer quality in design and workmanship?

This question of prices, and what to do about them, is the top problem of our economy today. Only last week, President Truman and Senator Taft had another sharp interchange on the price problem.

Tonight, we can be sure that Paul Porter will not agree with Edmund F. Mansure on our subject, "What Should We Do About Prices and Rents?" Both of you gentlemen will have to submit to questioning by our two interrogators, Dr. Alfred P. Haake, and Robert W. Wales.

First, let's hear from Paul Porter. Last year at this time, as

OPA administrator, Paul Porter was at one and the same time, one of the most admired and most hated men in the country. He's just been in Greece, where he has seen inflation rampant—a sight which may give him some pointers for his address tonight. Mr. Porter, what do you think we ought to do about prices and rents in this country? Paul Porter. *(Applause.)*

Mr. Porter:

A year ago today, I was sitting in one of Washington's hottest seats. I was price administrator. Congress was debating whether it would abolish my job. As my predecessor, Chet Bowles, remarked, "The pay wasn't too bad but the working conditions were lousy."

But even though all of us at OPA were willing to be turned out to graze in more tranquil pastures, we were fearful of what would happen to the country if OPA were terminated. So we urged Congress to let us hold on for a while longer. Congress didn't see it that way. It gave us a half-baked bill, after the President had vetoed a worse one, and business and industry were pretty much on their own as far as price policy was concerned.

Our business spokesmen asked for decontrol, and they cannot duck responsibility for what has happened since.

I recall that the president of National Association of Manu turers told the country last that if controls were remo production would increase, p would decline, and goods into the market at prices you c afford to pay.

Now I assume that Mr. Man and his organization—the Illi Manufacturers Association — the same way. This sounded lo because a lot of people wer ritated by controls. The shoo war had stopped. Many g were scarce and, of course, was to blame for all difficultie reconversion and readjustment

So more in anger than with son, Congress followed the a of the N.A.M. and other bus groups that took a similar tion.

What happened? Did p come down? Did goods pour the market at prices you c afford to pay? Did the N. dream come true? Let's look few figures. Since the N. prophecy was made, whol prices generally have gone u per cent; consumer prices than 17 per cent; and the w sale price of manufactured g 35 per cent.

I get no pleasure from th venile practice of chanting, "I you so." I would have pref that Henderson, Bowles, P and others would have gone as bad prophets instead of th

\.M. It would have been better 'or the country if we bureaucrats ıad been wrong. But the hard acts of economic life can't be hanged by wishful thinking, name alling, or full-page newspaper ıdvertisements.

The plain truth is that the ountry is on the threshold of an conomic crack-up that might have een avoided if Congress had not uccumbed to the seductive blandshments of certain business groups vho were tired of regulation and vanted freedom to price themelves out of the market.

This crack-up can probably still e avoided, if we don't again wait or it to happen, just to see who s right. But if business, labor, griculture, and government don't et busy soon and develop a proram, ultimately, we may all be nder a kind of regulatory strait acket that would make OPA look ike the good old days of comlete laissez faire.

Our economic system, in the ext few years or sooner, is going face this real crisis. Therefore, insist that landlords must hold e rent line and business reduce me prices, and labor stabilize its resent wage pattern if we are gog to avoid what some call a reession from becoming an econmic rout.

It is very simple to say that the hole trouble is that wages have one up and that if only we could duce both wages and taxes, everything would be smooth sailing from here on out. That overlooks the fact that since effective price control was eliminated, both prices and profits have outstripped wages, and the real income of even highly organized workers is below what it was a year ago.

In fact, despite a 15 per cent increase of average hourly earnings per worker in manufacturing, the weekly pay envelope of factory employees will buy about 6 per cent less than it would before his wages were raised.

Price increases have more than cancelled what the workers gained by increases in money wages. On the tax front, there is no assurance that reduction would result in lower prices, even though I'm sure that Mr. Mansure will advocate just that. Present proposals pretty much give the benefit to those who need it least.

So here's where we find ourselves today. Up until now, production and employment have held up, but in the last ten months prices have gotten way out of line. Prices have outstripped consumer incomes, and are seriously threatening the standard of living of the great majority of our people.

In brief, present and prospective purchasing power is insufficient to move the goods which are being produced at present prices. Inventories are accumulating, retail sales are dropping off in physical volume.

If this trend continues the channels of production and distribution will soon choke up and we will have a real price collapse. This will mean unemployment and bankruptcies, mortgage foreclosures, if we just let things drift.

Now, I can't refrain from saying a word about rent control. Dear, dead departed rent control—alas, I knew him well! *(Laughter.)* Bob Wales and myself were in a sense, the co-sires of this most effective part of wartime price control.

But now the Congress has condemned to a slow and torturous death, the only remaining protection of your cost of living. The real assassin is, of course, the same real estate lobby that murdered the veterans' housing program. Congress has served the role of undertaker, and I'm glad that I don't have to serve as the pallbearer, as I did for the rest of price control last fall. *(Laughter and applause.)*

The bill agreed on by the conferees permits a "voluntary"—and I quote "voluntary"—rent increase of 15 per cent, if the landlord and tenant agree on a year's lease. It's entirely voluntary, of course, because if the tenant refuses to agree all the landlord can do is to throw him and his family out on the street.

The tragic part is that the President must sign this bill or get nothing. In my judgment, this spells the end of effective rent control and there is absolutely justification, economically or fr the standpoint of any natio policy, to make this unnecess concession to the real estate lob

Now, what to do about all th I wish there was a simple answ Old Hickory Jackson, at the Ba of New Orleans, told his fr tiersmen, "Boys, elevate them g a little lower." I wish busin would do the same thing to pri *(Laughter and applause.)*

I support the proposals of Americans for Democratic Acti which outline a nine-point p gram that I think is feasible the minimum necessary if we're avoid real trouble. I can't give the details of this program h but it involves a 10 per cent duction on the average of present price level, the broad ing of the present wage patt and the holding of the present line with adequate machinery adjustment where there is landlord hardship.

Unless these or similar steps taken, America's democratic sys of free enterprise is in jeopa and our responsibility as a wo leader is in danger of grave fault. I'm encouraged to see committees of Congress are aw of the critical nature of the th involved in present exhorbi prices and are contemplating ing some hearings about the p lem.

I cannot refrain from sa

ıat I only wish that Senator Taft nd some of his colleagues had een equally solicitous a year ago. 'hank you. *(Applause.)*

Aoderator Utley:

Thank you, Paul Porter. Now, ere is Mr. Edmund F. Mansure, resident of the E. L. Mansure :ompany, one of the large textile ompanies in our Middle West. He ; also vice-president of the Illiois Manufacturers Association. Ir. Mansure, of course, we know ou don't agree with Paul Porter, ut what would you do about rices and rents? Edmund Manure. *(Applause.)*

Ar. Mansure:

Good evening. Paul Porter's tatement, with his rather free aplication of figures, warns us of he importance of getting at the acts behind the figures. It reninds me of a company that had big lumber camp in northern anada with headquarters in eattle. The camp superintendent vould write in longhand very deailed reports each week. His writng was poor, which made it diffiult for the home office to read the eports. In desperation, the home ffice wrote the camp superintenent to send in brief reports and se just a few figures. There were ne hundred men working in the amp and two women cooks. So e following week the superinendent made his report brief, as nstructed, and wound it up with the statement that "one per cent of the men had married 50 per cent of the women." *(Laughter.)*

This, in a way, is what has happened to costs and prices. Let's see what has occurred. Agricultural prices or farm products have increased almost 170 per cent since 1939. Raw materials have increased about 129 per cent. All commodities have risen about 91 per cent. Wages have increased 86 per cent from 1939 to last March, yet finished goods have only increased 78 per cent during the same period.

Manufacturers have virtually brought forth a miracle. Average weekly earnings of workers and manufacturing industries have nearly doubled since 1939.

You will not have lower prices with decreasing productivity, nor can we have lower prices with present taxes. Here we bump squarely into Old Man Trouble himself. It is a matter of common knowledge that the present tax burden is very largely responsible for the existing price level. It is entirely clear that one of the principal obstacles to continuing high consumer demand necessary for mass production, is the tremendous tax burden.

In America, one fifth of all of the income of all of the people is paid in federal taxes. Here in Illinois we pay over 40 per cent of our income to government—local, state, and federal. Peacetime taxes

are five times prewar taxes. Taxes are hidden in every service of government, in everything we eat, in everything we wear, in every cigarette we smoke, in the rent we pay, in the pleasures we enjoy, in fact, in everything we buy or use.

To create an average job in American industry, more than $8,000 of capital investment is needed. Every $8,000 taken from the people by the Government prevents an investor from making a job for one man for from ten to twenty years. Every time you take any capital away, you increase costs.

The Administration cannot expect production to expand if the Government takes the income that supplies jobs. When investment drops, production drops. When production drops, workmen walk the streets.

If excessive and unwarranted government extravagances were stopped, taxes could be reduced and prices lowered. The Administration budget, nearly two years after the end of the war, is four times greater than the last full-time peace budget of the so-called "era of excessive spending."

Not counting those in the armed forces, there are nearly two and a half times as many people on the federal pay roll as in 1939. Tax reduction, reduction of governmental expenditures, and price reduction are inseparable. The most effective way for the Federal Administration to encourage p
reductions is through the reduc
of government expenditures
accompanying tax reductions.

The American people know
those who with one hand re
to make adequate cuts in gov
ment expenses, but with the o
hand try to place on industry
sole burden of reducing prices
engaged in adulterated pol
and nothing else.

There is a lot of misunderst
ing regarding industrial pr
People forget that profits pro
the money for expansion
modernization which, in
make price reductions.

Let's look at the over-all
ture. In 1929, one of the
years, 47 per cent of all Ame
corporations made no profit
all, and in a bad year, 193
per cent of all businesses mad
profit.

Profits are the best assuran
employment people can have
business does not earn a p
it cannot supply jobs. Both w
and profits come from the pr
tion of goods. Profitable bus
is the greatest contribution
ness can make to society.

Let's get the records str
The objective of industry i
production of the largest po
volume of goods in the sh
possible time at the lowest
sible cost. Low prices are the
of intelligent management.

As an officer of the Il

anufacturers Association, I represent primarily small manufacturers. Of the 4,400 members of is organization, over 70 per cent nploy less than 200 people each. f that 70 per cent, 40 per cent nploy less than 50 people.

The responsibility for a sound onomy must rest not alone on dustry, but must also be assumed everyone, including government and labor.

Government has learned the art taking more and more of the ational income, until today we ork two days a week to support e government and have three ays left to support our families. Efficiency in government could a long way to reduce the cost living. Labor knows that when ages go up the prices of goods up. This is inevitable, unless e production of the worker is creased. Restrictions on output, ork stoppages, costly labor practices all add to the cost of living. hey can be corrected only if bor will cooperate in eliminating e blocks to increased production.

It is up to all of us to see that onomy is practiced, taxes reuced, efficiency increased, mateal costs cut, and this in turn will ing lower prices. This requires nagination, planning, work, and urage. But the results are worth *(Applause.)*

oderator Utley: Thank you, Mr. Mansure. Now, r. Wales, as a practicing attorney, as former Assistant General Counsel in charge of rents for the OPA, and tax legislative counsel of the U. S. Treasury Department, let's have your comments on and questions to Mr. Mansure. Robert Wales. *(Applause.)*

Mr. Wales: In many respects there is quite a wide area of agreement and we might as well clear away some of the issues on which I feel sure that there is no disagreement. We all believe in more productivity. We all believe in profits. Business must have profits to operate, and we want it to operate and to operate successfully.

Mr. Mansure says that prices are too high and that something should be done about it. That seems to be easy so far. His particular "something" offers a panacea of which some of us are skeptical. It is basically "let's cut the size of our Government and cut federal taxes and prices will come down."

There are two aspects of this cutting the size of our Government, or perhaps, Ed Mansure would say, "cutting our Government down to size." First, given our present domestic and foreign responsibilities, especially the latter, should it be done? Second, can it be done in the manner and amounts that affect our present question with which we're concerned tonight—prices?

Assume, for example, the most optimistic cuts with regard to expenditures during the next fiscal

year. Suppose, for example, that we had spent 31 and a half billion. If the cuts were applied, so as to reduce taxes and apply the same amount on the federal debt, would public finance then operate to reduce prices?

There is another part of this picture. Very few people enjoy paying taxes, even as a part of the purchase price of civilization. But if, while production and employment are high, taxes are maintained and the maximum amount applied on the federal debt, inflationary pressure on prices is avoided.

One further point I would like to make. In making tax reductions which should come when the price level can be kept down, we must be sure that the tax reductions that we make and the other steps that we take leave a consuming public with the money to buy all the products of our economy at prices which they can profitably be offered.

That, more or less, leads to my first question. I would like to ask Mr. Mansure how will a reduction in the individual income tax cause a reduction in prices?

Mr. Mansure: I feel that a reduction in income taxes will reflect back on all businesses. They in turn have a lower operating expense, whether they be a manufacturer, a retailer, or service organization. Then they in turn can take and reduce the cost of the article. For the individual, I feel that a reduction in the tax give more spending money, they in turn can buy more prod of business, thereby affording ployment. *(Applause.)*

Mr. Wales: Mr. Mansure, say that it is common knowle that the present tax burder responsible for the existing p level. How would you exp the substantially lower prices couple of years ago with subs tially higher taxes?

Mr. Mansure: Well, of cou we differ right there. *(Applau* I don't think that prices now the taxes now, are lower than were before the war. Now du the war, taxes were higher. all understand that. But you remember that during the wa had artificial prices because Government was footing the and they were paying this m to industry. *(Applause.)*

Mr. Wales: We haven't cussed rents a great deal, ton I would like to ask one more tion. How about rents, Mr. sure? Would you let them any levels to which they w rise without any controls?

Mr. Mansure: No, I cert would not let rents rise wit any controls at all, but I think that has been pretty well care of by Congress now. have set a limit of 15 per That's satisfactory to me. grant, right here tonight so there will be no misunderstan that in many cases landlords

ıd a good deal on the rent propo-tion. But a little bit later on if ıy of you want to ask me a ques-on on this, I'll tell you where ıe landlord has had a bum deal. *Applause.)*

Mr. Utley: Thank you, Mr. Iansure and Mr. Wales. Now, r. Haake, we know you as an onomist, writer, and consultant f General Motors Corporation, so as a trustee of the Small Busi-essmen's Association. But what ost of us didn't know is that you e also Mayor of Park Ridge, linois. May we have your com-ents and questions for Mr. Paul orter? Mr. Arthur P. Haake. *Applause.)*

Dr. Haake: When we want to emedy any situation, we must eal with causes. We cannot cure imples merely by cutting off the imples. We must go to the cause ıd purify the blood. If you purify our blood, you won't grow any imples. *(Applause.)*

In this very interesting state-ent, Mr. Porter has talked about lmost everything except the uses, and I am afraid that he is utting off the pimples and doing othing about the impure blood at causes the pimples. *(Ap-lause.)*

He argues that high rentals, and igh prices, and scarcity are caused y lack of government controls ıd that if you hold down the rices you will get production and ıable everyone to buy what he needs. So he does nothing about production and fails to control the price even with all the power of Government.

He claims that we could have prevented the coming depression by retaining the OPA and price controls, but the truth is that OPA and the price controls have con-tributed mightily to the depression that comes with the resulting neg-lect of the real causes. *(Applause and shouts of no.)*

The real causes of price changes, as anyone should know, are changes in demand and supply; that is, in a free country. The law still works.

We want more houses to live in and more goods with which to satisfy our wants and we want them at lower prices. But we can have them only by producing them, by encouraging people to increase the supply and there is no chance in the world of increasing the supply when we force the pro-ducer to sell at less than the full cost of production. *(Applause.)*

To hold down prices, we must increase supply or decrease demand and if we increase demand, we must increase supply even more if we wish to bring prices down.

The answer lies very largely in the cost of production. Produc-tivity is the answer—productivity of workers.

You can no more hold down prices while you permit costs to go up then you can hold down

THE SPEAKERS' COLUMN

EDMUND F. MANSURE—Mr. Mansure is president of the E. L. Mansure Company, manufacturers of specialty textiles—narrow fabrics, webbings, and other items. He began work as a mill boy in 1915, and became a regular employee of E. L. Mansure Co. in 1922. In 1925 he was elected vice-president in charge of manufacturing and production. In 1935 he was made president.

Mr. Mansure was educated in the Chicago Public Schools, Princeton Preparatory School and Dartmouth College. He has an LL.B. degree from Kent College of Law, and has done work in the Northwestern University Graduate School. He was admitted to the Illinois Bar in 1927.

Mr. Mansure has been a member of the Illinois State Pension Commission, the Advisory Board of the Chicago Planning Commission, the executive committee and secretary of the South Side Planning Board. He is a member of the Board of Directors of the Cook County School of Nursing and of the Domestic Commerce and Public Improvement Committees of the Chicago Association of Commerce.

Mr. Mansure has been Illinois State Republican Treasurer and was alternate delegate to the Republican National Convention in 1940. He has been active in Red Cross work, Chicago civic affairs and in the Illinois Manufacturers Association.

ROBERT WILLETT WALES—Mr. Wales, attorney, was born in Chicago in 1906. He has an A.B. degree from Princeton University and an LL.B. from Harvard Law School. In 1930 and 1931, he was secretary to Mr. Justice Holmes of the U. S. Supreme Court. From 1931 until 1941, he practiced law in Chicago with the firm of Miller, Gorham, Westcott & Adams. From January, 1942, until July, 1943, he was assistant general counsel in charge of rents of the Office of Price Administration. He was then made Assistant Tax Legislative Counsel of the Treasury Department and later Tax Legislative Counsel. Since 1946, he has been practicing law in Chicago with Miller, Gorham, Westcott & Adams.

PAUL ALDERMANDT PORTER—Mr. Porter, an attorney, is former OPA Administrator and former chairman of the Federal Communications Commission. Mr. Porter was born in Joplin, Missouri, and received his college education at Kentucky Wesleyan College and Kentucky Law College. Between 1926 and 1929, he was a reporter and later city editor with the *Lexington* (Ky.) *Herald.* For one year he practiced law and and then became editor of the *Mangum* (Okla.) *Daily News* and the *LaGrange* (Ga.) *News.*

From 1932 until 1937, Mr. Porter wa special counsel for the Department o Agriculture. From 1937 until 1942, h was Washington Counsel for the Colum bia Broadcasting System. In 1942-43, h was deputy administrator in charge of th rent division of the Office of Price Ad ministration. He later served as associat administrator of the War Food Adminis tration, and associate director of the Offic of Economic Stabilization.

Appointed a member of the Federa Communications Commission, he becam chairman in November, 1944.

ALFRED PAUL HAAKE—Consulting eco nomist for General Motors, Mr. Haak is a former president of the Executiv Club of Chicago and is a member o the executive committee of the Nationa Small Businessmen's Association.

Born in Chicago in 1885, Mr. Haak has his A.B., M.A., and Ph.D. degree from the University of Wisconsin. Hi first jobs were in the furniture manu facturing and wholesale crockery busi nesses. From 1906 to 1910, he was clerk and cashier in the collector's offic of the City of Chicago.

Mr. Haake joined the faculty of th University of Wisconsin in 1915 as teacher of economics. In 1922-23, h taught economics and was head of th economics department at Rutgers Colleg In 1923 he joined MacManus, Inc., ad vertising agency in Detroit and fro 1925 to 1928, he was an executive in th Simmons Co., bed manufacturers.

Mr. Haake has been managing direct of the National Association of Furnitu Manufacturers, Inc.; editor of *Furnitu Management Magazine;* managing direct of the National Wholesale Furniture A sociation. During the prewar and w years he was active in a number of go ernment activities concerned with man facturing, economic problems, and tra affairs.

Mr. Haake is widely known as a pu lic speaker and is a contributor to sever magazines.

CLIFTON M. UTLEY—Mr. Utley, a n tive of Chicago, is at present editor the Air Edition of the *Chicago Su* After receiving a Ph.B. degree from t University of Chicago in 1926, Mr. Utl attended the University of Munich a the University of Algiers. Simultaneo with his college course in Chicago, was a newspaper reporter. From 19 to 1930, he was a research assista at the University of Chicago. From 19 until his present position on the *Sun,* M Utley was editor of *Foreign Notes* pu lished by the Chicago Council on Fo eign Relations and was director of same organization for a number of yea

the pressure in a tea kettle while you sit on the lid and turn up the fire underneath. *(Laughter and applause.)* You will get interesting results, but you won't reduce the steam pressure. *(Laughter.)*

Another important factor Mr. Porter overlooks is inflation. So long as we continue to inflate our monetary structure, in spite of government controls, prices are bound to rise as they did even under Mr. Porter. We need greater productivity at lower costs, and we can have a stabilized economy if we will reduce our costs and thereby get lower prices. *(Applause.)*

Mr. Utley: Dr. Haake, I wonder if you want to address some questions to your colleague, Paul Porter?

Dr. Haake: I'd love to ask Mr. Porter this question. *(Laughter.)* I think we agree that prices are high, but how can we bring them down without decreasing cost?

Mr. Porter: I first would like to say, Doctor, that in connection with the pimple analogy that the medicine men have suggested various remedies. Your versatility as a consultant to General Motors as a director of little business, impresses me that perhaps you might have the opportunity of suggesting some kind of panacea that would take away these pimples.

I fully agree that productivity is the basic answer. We have got to get more production, and more production. The genius of American industry has been that they can produce and produce at lower and lower prices, full employment and higher wages. If that doesn't continue, this depression that you seem to think is already here—I hope we can prevent it—but the depression that you referred to is inevitable. *(Applause.)*

Dr. Haake: That's exactly the right answer, and if you answer it that way you don't need price control.

Mr. Porter: I am not advocating price control—direct price control. *(Applause.)* The time has passed for direct price control. There is absolutely no question about that. But unless business comes in and does the kind of things that one of the great industrialists in the State of Illinois, Fowler McCormick, has done. He says that any price that can be reduced is too high, and he has reduced prices. In many of his lines, he has taken 20 million dollars off of his gross income at the same time increasing wages, and I will bet you a new hat that his profits are satisfactory this year.

So what I am pleading for tonight is that kind of enlightened industrial leadership. I hope we'll get more and more of it. *(Applause.)*

Dr. Haake: I just can't resist borrowing a lovely phrase from Mr. Porter and say I wish he had

talked that way a year ago. *(Applause.)*

Mr. Porter: I did. I said it again and again and again. *(Applause.)*

Mr. Utley: Only a difference in pronunciation. Thank you, Paul Porter and Dr. Haake. Now, while we get ready for our question period, with our audience here in Rockford Shrine Temple, I am sure that you, our listeners, will be interested in the following message.

Announcer: You are listening to America's Town Meeting of the Air, brought to you by Town Hall and the American Broadcasting Company. For your convenience, we print each week the Town Meeting Bulletin, containing a complete transcript of tonight's discussion, including the questions and answers to follow. You may secure tonight's Town Meeting Bulletin by writing to Town Hall, New York 18, New York, enclosing 10 cents to cover the cost of printing and mailing. If you would like to have this bulletin in the handy pocket-size, enclose $1 for 11 weeks, $2.35 for six months, or $4.50 for one year. Remember the address: Town Hall, New York 18, New York, and allow at least two weeks for delivery.

QUESTIONS, PLEASE!

Mr. Utley: Here's where you and the audience have a chance to win a $210 set of *Encyclopedia Americana.* If our judges pick your question as best for bringing out new facts and increasing understanding of tonight's subject, and if you limit your question to 25 words or less, a 30-volume set of *Encyclopedia Americana* will be on the way to you tomorrow. So make your questions brief and to the point.

Now, questions, please! Who's first? Yes, sir, about the sixth row. That's you. To whom?

Man: Mr. Porter. How could our free enterprise system be in more danger when the Government dictates the return on the investment in housing?

Mr. Porter: I don't think the Government necessarily dictates the return on investment in housing unless you mean in the imposition of rent controls. The truth of the matter is that the government took the rent regulation, took rents where the bargaining position of landlord and tenant found them in the base year. As a result, the earnings on apartment houses, for the country as a whole, are 21 per cent—the net income, 21 per cent—above 1939. They're not dictating the return of investments.

Mr. Utley: The lady with the red flowers on her hat.

Lady: Mr. Porter. Can you deny that rent control, through putting the landlord in the red, has contributed to and prolonged the critical shortage of home building?

Mr. Porter: I deny that rent control has been an impediment to the construction of rental property. The truth of the matter is that rent control on new construction has been higher than the established rent control on old construction. A recent survey of the Bureau of Census indicated that the average veteran could pay less than $40 per month. Now, I don't know of any $40 rental units that are coming into this market. It's a question of the basic raw materials that got out of line and we have got to get them back if we are going to have a housing program.

Mr. Utley: Thank you, Paul Porter. Now the gentleman in the gray suit back by the cop in the rear.

Man: Mr. Mansure. Assuming that only income and profits which are reinvested in our industries contribute to keep the economic ball rolling, what do you think of a tax on savings—excess savings of industries and individuals?

Mr. Porter: I presume that you mean by the tax on savings, in order to force the savings into productive work. Is that it? That's

a very hard question to answer because sometimes savings are used by people for expenditures which they foresee in the future. Take, for instance, the case of older persons. They put savings away in a bank or some investment which they intend to draw on a year or so from now. In case of a person who is making a saving just from a standpoint of hoarding or a corporation accumulating too much of a reserve position, I believe then that taxes could probably be an equitable help.

Mr. Utley: Thank you, Mr. Mansure. Dr. Haake says he would like to talk on that.

Dr. Haake: I'd like to have just one word. Excess savings—I don't know exactly what you would mean. If the money savings are hoarded and not used, then certainly they would be excess savings. It's pretty hard to tell what they are. So long as savings are productively invested, and each $8,000 of them is a job—a new job—I don't think you need to worry very much about those excess savings.

Mr. Utley: This may go on forever. Paul Porter has just given my coat a tug, and he want's to talk about this one.

Mr. Porter: I would say that, I think, what the questioner had in mind was an undistributed profits tax. Any money that goes into the sock and is not used for productive purposes, I think i either ought to be taxed or i should be put back into busines and expansion of new jobs. I'r an undistributed-profits-tax mar *(Applause.)*

Mr. Utley: This makes it a ful house. Mr. Wales wants to tal on the same question.

Mr. Wales: I couldn't be lef out. I want to ask Mr. Mansure i he views any problem in the futur arising from a lack of consume buying power, basically derive from the cause indicated by th gentleman's question, namely, ex cess savings.

Mr. Utley: Here we go.

Mr. Mansure: No, I don't thin so. I'm more afraid of an accu mulation of goods because of hig prices because of inefficiency i production.

Mr. Utley: Thank you, ver much. Let me correct my poke error. Of course, it was not a fu house. It was four of a kind, an I think you will agree from th answer that it was four kings.

Now for the gentleman in brown suit and a blue tie in th back of the right balcony.

Man: Mr. Mansure. Do you fe that government buying for e port for relief purposes has e fected farm prices?

Mr. Mansure: Yes, I do. I a very glad you asked that questio because I feel that a part of th sharp increase in farm prices due in a large part to governme

buying for export purposes, for relief, of course, which we are all in favor of. But these large government purchases have effected the markets, not only because of their large volume, but because of the way the orders were placed. Large purchases that were made by the Government did not reveal fully its purpose. Therefore, we had speculation in commodities which in turn have raised the prices of those commodities.

Mr. Utley: Thank you, Mr. Mansure. Now the lady on the aisle in the blue pillbox hat.

Lady: Mr. Porter. If the Government remains passive in the face of soaring prices, what concrete action can we, the little people, take to bring prices within bounds?

Mr. Porter: The obvious thing, of course, is to take a look at your Congressman's record and to write him a letter. In addition to that, I would suggest that great discrimination be used in buying. But I do not believe that it is possible for a mother of a family of small children to use discrimination when she has to pay exhorbitant prices for shoes and for milk.

Mr. Utley: Thank you, Paul Porter. Now the sandy-haired gentleman in the left balcony.

Man: My question is directed to Mr. Porter. How can your American genius show himself when business and industry are throttled and choked by non-profit prices?

Mr. Porter: Oh, my dear fellow. Just look at the corporate profits picture. If you say that industry is now being choked because of lack of profits when they are two and a half times the high rate of 1929—if that is strangulation, let me have some of it. *(Applause.)*

Mr. Utley: Dr. Haake wants his two cents worth out on this. Dr. Haake.

Dr. Haake: Mr. Porter did an interesting thing then. When you talked about two times the profits of 1929, you are talking about a year of profitless prosperity. I heard about an automobile dealer once who increased his sales 100 per cent from one month to the next. He did. He sold one car one month, and two the next month.

Mr. Utley: Thanks, Dr. Haake. Now about the third from the last row on the main floor. You've got your hand up there.

Man: Mr. Mansure. The *Wall Street Journal* showed that profits for the first quarter were embarrassingly high. Can you say, facing that, that we need a direct reduction of taxes to aid the situation with regard to cost.

Mr. Mansure: I grant the statement of the profits being embarrassingly high, *but* that was an unusual condition. There was a great demand for goods due to lack of goods for a long period of time. My own personal opinion is that those profits are not going to continue.

Mr. Utley: Thank you, very much. Now there's a question three seats away from that gentleman.

Man: It is directed to Mr. Porter. Are not the union leaders in a greedy scramble for more power and money directly responsible for higher prices? *(Shouts of no and applause.)*

Mr. Porter: I said in my opening remarks that the take-home pay—the real wage—of the highly organized worker is some 7 per cent less than it was a year ago. So I don't care to point the finger and fix blame on anybody. We're faced with a condition.

Mr. Utley: Thank you, Paul Porter. Dr. Haake wants to talk on this.

Dr. Haake: I think frankly that deserves another answer. The plain truth is that deliberate limitation of production under a mistaken idea—it may be earnest and honest, but it's mistaken just the same that you destroy the job if you do a good day's work—under the influence of that thinking, there are leaders who have deliberately cut production.

It costs between 7 cents and 10 cents to lay a brick today. It used to cost less than 1 penny. Today a carpenter will lay 18 bundles of shingles a day. Two years ago he laid 24. A painter is allowed to use only a four-inch brush. He is not allowed to use a spray gun. He is allowed to paint only with one gallon of paint a day. H could spread three or four.

The cost of building has mo than doubled. *(Applause.)* Eight five per cent of that is labor.

One word more—it's true th the highly organized workers hav not made as much progress in th last year as they made previous and here's why. It was the high organized laborers first wh brought up their wages and wit out increasing production. Namel they got more for doing less. T other workers had to pay for Now the other workers are takin their turn and the organized wor ers are suffering. *(Applause.)*

Mr. Utley: Now, while D Haake returns to neutral corne here's Paul Porter to answer tha

Mr. Porter: I will agree wi Dr. Haake that there are pra tices in restraint of full produ tion and trade, particularly in t building trades. I will say th that I don't believe that Dr. Haal would say that we ought to redu the present wage level down where it was in 1939.

Mr. Utley: Dr. Haake, we' got to give our questioners in t audience a chance to have the say.

Dr. Haake: I certainly would n reduce wage levels. I'd ask eve man to do an honest day's wo for an honest day's pay. *(A plause.)*

Mr. Utley: Believe it or not, t gentleman in the gray suit by t

third pillar has been trying to ask a question for ten minutes.

Man: My question is addressed to Dr. Haake. Dr. Haake, you say the law of supply and demand still works. That's not necessarily so. Is it not true that the demand is greater than the supply and therefore, we need a form of price control until the supply can meet the demand? *(Applause.)*

Dr. Haake: If you want the supply to increase sufficiently to meet the demand, you must encourage people to produce. Let me ask you, sir, would you go in the business of producing things to sell at $1 if they cost you $1.10?

Mr. Utley: All right, thank you, very much, Doctor. The gentleman with the Jack Benny hair. *(Laughter and applause.)*

Man: I would like to ask Mr. Mansure a question. Why are we suffering from such an acute housing shortage at the present time when we've had practically no change in our population in the last ten years?

Mr. Mansure: Well, I don't agree with that. I think we have had a change in our population. We have many more families and there is a change of people from many farm areas into industrial areas and cities. I feel that we are suffering from a housing shortage because of restrictions and because of high costs in producing houses. If we could get these costs down, people could buy them. But you don't want to buy a house or build an apartment at twice its normal cost or at least half again as much as normal cost.

Mr. Utley: All right. Thank you, very much. On the right aisle there.

Man: Dr. Haake. Granted that there have been labor restrictive devices that have increased the cost of housing, didn't you forget to mention that the cost of lumber and the cost of cement, which are also restrictively held, are equally vulnerable? *(Applause.)*

Dr. Haake: Oh, I think that's true. About 85 per cent of all cost was labor and I don't care where you are inefficient, the result is the same. *(Applause.)*

Mr. Utley: Now the gentleman in the white shirt.

Man: Mr. Mansure, if the cutting of taxes would increase the consumer's buyer power, therefore increasing the demand for goods, thus preventing inflation, how does that agree with the law of supply and demand that you support?

Mr. Mansure: I don't follow your question. I mean, you want to know why cutting of taxes will increase goods or reduce prices?

Man: Cutting of taxes would increase the demand for goods thus preventing inflation in your support of tax reduction.

Mr. Mansure: I feel that the cutting of taxes will help reduce the cost of goods and as you re-

duce the cost of goods, more people can buy goods.

Mr. Utley: Robert Wales wants to add to that, too.

Mr. Wales: I want to expand the question a little bit. We're talking for the moment about individual income taxes. As I understand the gentleman's question, it is when individual income taxes are reduced, how does that reduce business cost? Does that have the effect of increasing demand and if so, is the present the moment for that to occur?

Mr. Utley: Thank you, Robert Wales. Before I recognize the next speaker who will be the gentleman in the top row in the balcony there on the right, may I remind you that we do have woman suffrage in this country and ladies are allowed to ask questions if they hold up their hands. But first, you on your feet. Go ahead.

Man: Dr. Haake, in the light of present conditions, were both sides in the price control controversy of last year unreasonable in their claims and threats?

Dr. Haake: I don't quite get the point of your question.

Man: To state it differently, were the claims made by both sides in the price control controversy last year overdrawn?

Dr. Haake: I think there is always a tendency for proponents of any position to emphasize as strongly as they can. That leads to sometimes yielding to the temptation to overdraw. I thi our difficulty, frankly, has be that millions of us don't und stand just the simple econom that we ought to understand ar consequently, it's rather easy mislead people into believi things that are not true.

Mr. Utley: Thank you, I Haake. Now the lady seco from the aisle, in red.

Lady: As a housewife, may change the question to somethi about food—I have to buy it?

Mr. Utley: Why not? ahead.

Lady: Mr. Porter, I want to if the government took subsid off of food stuffs, wouldn't price come down, shortly, a wouldn't the price of food so stabilize itself by supply and mand for the benefit of everyor

Mr. Porter: I think you're ta ing about the support prices food rather than the subsidies the level of 85 per cent of par on farm products. The truth the matter is that because of abnormal demand, farm pri generally are 35 per cent ab the support price, so they've that far to fall even before yo floor is effective, so I don't thi in this situation it would h much to offer.

Mr. Utley: All right, you in army coat.

Man: Dr. Haake. What ef does large government spend

abroad and at home have on prices here at home?

Dr. Haake: I think the inevitable effect must be to raise prices, because that is a way of increasing demand for an existing supply of goods, and whenever you do that, prices are bound to go up.

Mr. Utley: Paul Porter wants to pitch that one back. All right, Paul.

Mr. Porter: I would like to add to that situation that we have to consider the alternative. Obviously, as Dr. Haake says, the more demand there is, the more pressure there is on the price level. But are we going to withdraw food and fuel from starving people in Europe just to maintain our own prices here at home? I think the American people will answer "No." *(Applause.)*

Dr. Haake: I think it's only fair to add that there should be no imputation that I'm in favor of denying help abroad. What I am in favor of is sufficiently increasing our production so we can do both jobs. *(Applause.)*

Mr. Utley: Since Rockford is the home of Rockford College, a woman's college, it's suitable that the last question should come from a lady. All right, you in the second row.

Lady: Don't you think it's about time that we're getting behind this strife and give our servicemen a home, so they don't have to live with their in-laws all their life? *(Laughter.)*

Mr. Utley: Who should answer that?

Lady: Oh, all of them. *(Laughter.)*

Mr. Utley: Will the quartet rise?

Mr. Porter: I'm the first up here. I beat Dr. Haake to the microphone this time. I slid in. *(Laughter.)* I would say certainly to the lady's question that the veteran deserves a better fate than to have to live with his mother-in-law. *(Laughter.)*

Mr. Utley: Thank you, Paul Porter, and I'm going to assume that you speak for the entire quartet on that. Now our speakers will present summaries of tonight's question. We hear first from Dr. Mansure with his summary of tonight's discussion.

Mr. Mansure: The businessman or woman, I have learned, carries on a never-ending search for the correct answer to his problems. Only the manufacturer who finds the correct answer to his problem can long survive in the business world. The manufacturer who builds on sound principles lives; the one who builds on false principles perishes.

There are only two courses to follow—one based on political expediency; the other, that which is economically sound. While the course of political expediency is popular, it cannot solve our prob-

lems. I hope that we have contributed something to your thinking on these two important questions tonight. *(Applause.)*

Mr. Utley: Thank you, Edmund Mansure. Now may we hear from Paul Porter.

Mr. Porter: I think it was pointed out earlier that there have been very wide areas of agreement here tonight. Mr. Mansure and myself both agree that there should be an orderly reduction of prices wherever possible, or that there will be a recession, the proportions of which can produce conditions similar to those of 1920 and '21.

Where Mr. Mansure and myself disagree is that he says that the prerequisite of reducing prices is to reduce taxes, individual as well as corporate taxes, but he does not prove how they can be reflected at lower prices. He further says that there should be a reduction in government spending. We all agree that the government expenditures should be reduced as much as possible. But there again he's not specific. He does not specify whether we should stop research on atomic energy, national defense—I'm sure he doesn't want to do that. Nor does he say that we should stop our commitments abroad. I'm quite certain that he agrees we should fulfill those responsibilities.

So there we are, tonight, my friends, without a program — a program that will maintain s bility, full employment and f production. We're left at t mercy of what I think that I Haake over-simplifies as the l and forces of supply and demar It is my personal hope that will prevent the kind of depr sion and unemployment before happens even if it is necessary keep Congress at work all summ and into the winter. *(Applaus*

Mr. Utley: Our most since thanks to you, Paul Porter, E mund F. Mansure, Robert Wales, and Dr. Alfred P. Haal for taking this price and re question apart and putting it ba together again, and real apprec tion to Rockford's Junior Assoc tion of Commerce and Rockfo College for their splendid coope tion in presenting this progra

Tonight's Town Meeting is t second program in our 18-we visit around the country, a to which, between now and Oc ber 7, will take us to cities Colorado, Utah, Washingto British Columbia, California, N Mexico, Texas, and Missouri.

We'll be on the air all summ and when we're in your co munity, won't you be a go neighbor and drop in on yo Town Meeting? We'd like have you.

Next week, June 19, Americ Town Meeting of the Air w come to you from Iowa C Iowa, where we will discuss t

highly controversial question, "Should We Admit 400,000 of Europe's Homeless Now?" Our speakers will be the Honorable A. A. Berle, Jr., former Assistant Secretary of State and newly elected chairman of the New York Liberal Party; Earl Harrison, former United States Commissioner of Immigration and chairman of the National Citizens' Committee for Displaced Persons; Senator Elmer Thomas, Democrat of Oklahoma, and sponsor of a bill to ban immigration for five years, and Omar B. Ketchum, National Legislative Representative of the Veterans of Foreign Wars. Dr. Orville Hitchcock, associate professor of speech, State University of Iowa, and former administrative assistant to George V. Denny, Jr., will be your moderator on that occasion.

Here's tonight's *Encyclopedia Americana* winner—to Bob Larson our judges say, for his question, "Assuming that income and profits which are re-invested in enterprise contribute to keeping the economic ball rolling, what do you think of excess taxes on individuals?"

Bob, if you'll come backstage afterwards we'll get your name and address, and congratulations to you. *(Applause.)*

Thanks to this fine audience in Rockford Shrine Temple for your enthusiastic participation in tonight's program. We hope you'll plan to be with us next week, and every week, at the sound of the Crier's Bell.

The Editor of Town Meeting apologizes for having misspelled the name of Mr. Russell Maguire, one of the Trustees of Town Hall and President of the Russell Maguire Foundation, in the Bulletin of May 29. The Editor should have known better. Besides his connection with Town Hall and the Foundation which bears his name, Mr. Maguire is one of the prominent industrialists of the country. He is president of half a dozen large companies in both the United States and South America. He is certainly entitled to have his name spelled correctly.

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